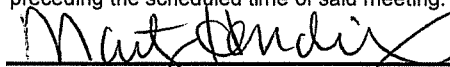


I, the undersigned authority do hereby certify that this Notice of Meeting was posted on the bulletin board, at the City Hall of the City of Fort Worth, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time Monday, November 17, 2008 at 3:00 p.m. and shall be posted continuously for at least 72 hours preceding the scheduled time of said meeting.


City Secretary for the City of Fort Worth,
Texas

**TAX INCREMENT REINVESTMENT ZONE NUMBER SIX,
CITY OF FORT WORTH, TEXAS
(Lone Star TIF)**

BOARD OF DIRECTORS MEETING

AGENDA

Thursday, November 20, 2008

3:00 p.m.

Pre-Council Chamber of City Hall
1000 Throckmorton, Second Floor, Fort Worth, Texas 76102

Board Members

Chairman: Mr. Sal Espino

Mr. Mike Berry

Ms. Linda Christie

Mr. Gary Fickes

Mr. J.D. Granger

Mr. Scott Herndon

Mr. Jungus Jordan

Mr. Jeff Lang

Mr. Frank Moss

Mr. Davis Palmer

Mr. David Wells

Staff Liaison –Tom Higgins, Assistant City Manager

-
1. **Call to Order** - Sal Espino, Chairman
 2. **Approval of Minutes from the Meeting Held July 29, 2004** – Chairman Espino
 3. **Overview of the Lone Star TIF & Cabela's Update**– Shallah Hatch, *Housing & Economic Development*
 4. **Discussion and Consideration of Financial Report and FY 2009 Budget** - Shallah Hatch, *Housing & Economic Development*
 5. **Discussion and Consideration of Increasing the 817 Acre TIF Boundary to Include 164 Acres in the Center of the Lone Star TIF**- Shallah Hatch, *Housing & Economic Development*
 6. **Citizen Presentations** (3 minute limit per presentation) - Chairman Espino
 7. **Executive Session** - The Tax Increment Reinvestment Zone Number Ten Board will conduct a closed meeting to:
 - A. Seek the advice of its attorneys concerning legal issues related to any current agenda items that are exempt from public disclosure under Article X,

Section 9 of the Texas State Bar Rules, as authorized by section 551.071 of the Texas Government Code; and

- B. Discuss the purchase, sale, lease or value of real property, as authorized by Section 551.072 of the Texas Government Code. Deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third party; and
- C. Discuss or deliberate negotiations relating to any economic development negotiations, as authorized by Section 551.087 of the Texas Government Code.

8. Requests for Future Agenda Items - Chairman Espino

9. Adjourn - Chairman Espino

This facility is wheelchair accessible.

For accommodations or sign interpretation services, please call the Housing & Economic Development Department 48 hours in advance at 817-392-6103.

TAX INCREMENT REINVESTMENT ZONE NUMBER 10 (LONE STAR TIF)
BOARD OF DIRECTORS

Highlights of the Meeting Held
July 29, 2004
Pre-Council Chamber, City Hall

Board Members Present: Mike Moncrief, Jay Chapa, J. D. Granger, Ralph McCloud, Mark Nienhueser, Davis Palmer, David Wells

City Staff Present: Mike Barber, Bette Chapman, Dale Fisseler, Tom Higgins, Shirley Little, Peter Vaky, Ardina Washington

City Consultants Present: Dan Settle (Co-Bond Counsel), Laura Alexander (Co-Financial Advisor)

Call to Order: Chairman Mike Moncrief called the meeting to order at 10:33 a.m.

Introduction of Board Members:

Each Board member introduced himself to the Board.

Discussion of the Duties of TIF Board Directors:

Peter Vaky, assistant city attorney for the City of Fort Worth, explained that the primary duty of the TIF Board of Directors is to implement the Project Plan, which includes all projects, costs, and activities that the TIF Board is authorized to finance through tax increment funding. Typically, he added, these projects take the form of public improvements within the TIF zone.

Mr. Vaky further explained that the Board also has the right to hire consultants and third parties to assist them and the staff with the administration of the TIF. He added that while the TIF Board has latitude in using TIF funds and in implementing the Project Plan, the City Council must first approve the Project Plan before it can take effect, a limitation that is both a City control and a statutory provision. Another limitation per state law, he explained, is that the Board cannot issue bonds or debt; however, there are other entities that do have that authorization, such as the City of Fort Worth or a local government corporation (LGC), which is the design that is contemplated in the Project Plan for this TIF.

Mr. Vaky then discussed some routine organizational items, including the fact that there are no proxy votes allowed and that a quorum is a simple majority of the Board. In this case, he said, since there are eleven Board members, six Board members must be present for the Board to meet and engage in any business. He added that the Board is subject to the Open Meetings Act, which means that all the meetings are public and may be attended by both the public and the press.

Mr. Moncrief asked for clarification regarding the number required for a quorum if six Board members were present at a meeting where there were no action items and one of the members had to leave. Mr. Vaky said that according to the City Attorney's opinion, the item of business that is transpiring at the time that the Board member leaves may be continued, but once that business is concluded, the meeting cannot be continued without a quorum. Mr. Moncrief asked if this had been previously established. Mr. Vaky said that it had been.

Mr. Vaky then referred to a memorandum that had been distributed that outlined the City's Code of Ethics (copy attached), and he explained that those members who were appointed by the City Council would be subject to the standards of conduct outlined in the memorandum. Because the Project Plan for this TIF Board is relatively limited in scope, he added that he did not anticipate many situations where a conflict of interest would arise, with one exception. He said that since Board Member Mark Nienhueser is a Cabela's employee, there might be a number of occasions where Mr. Nienhueser, being subject to the City's ethics code, would not be able to vote on a particular matter. Mr. Vaky further explained that Mr. Nienhueser could sit in the meeting

while the business item is being discussed or offer comment, but he would need to disclose his conflict, and he would not be allowed to vote on that particular item. Mr. Vaky encouraged the Board members to review the memorandum on the Code of Ethics, which primarily provides that Board members cannot represent another business entity before the Board, nor can they use their Board position for personal gain. He emphasized that the ethics code is not intended to be an obstacle to conducting business, but rather to ensure that the public's interest is protected since this is a public board.

Bill Burton, senior vice-president of Hillwood Properties, representing Board Member Mike Berry, who was unable to attend, asked if Mr. Berry's position at Hillwood Properties, which owns a majority of the land in the TIF, would be similar to that of Mr. Nienhueser. Mr. Vaky said that it would be, but that each issue would be evaluated on a case-by-case basis as it came before the Board. He added that if any Board member felt that he or she had an issue that might potentially create a conflict of interest, he would be glad to evaluate that issue once apprised of it. Mr. Vaky then explained that the Code of Ethics would not keep Board members from voting on the Project Plan, which was an anticipated action later in the meeting, but any time there was an agreement for the TIF Board to fund any project with which a Board member might be associated, then the Code of Ethics would apply, and the Board member would need to disclose his interest.

Mr. Moncrief asked if this would apply to both direct and indirect associations with any project. Mr. Vaky said that it would. Mr. Moncrief said that he thought the Board members understood that they would need to recuse themselves from those types of votes, but they would not be prohibited from engaging in the discussion and offering input. Mr. Burton asked if Mr. Nienhueser and Mr. Berry would still constitute part of the quorum, even if they were excluded from voting on a particular issue. Mr. Vaky said they would be part of the quorum, but that six affirmative votes would still be required for that item of business to pass. Mr. Moncrief said he did not anticipate that this would be a problem, and that he was confident that Mr. Vaky would provide proper direction for the Board in these cases.

Board Member Ralph McCloud asked if the Citizen Presentations item on the agenda had been added just for this Board meeting. Mr. Vaky said that Mayor Moncrief had requested that the item be added to the agenda, and that staff had been directed to include this item on all future TIF agendas. Mr. McCloud said that if a citizen desires to offer input on something to be voted on at the meeting, then it might be more valuable to move the Citizen Presentations up on the agenda, unless a citizen is anticipating an item that might be on the next meeting agenda. Mr. Vaky said a citizen could speak at any time since any agenda item may be taken out of order.

Discussion of the Purpose of the Lone Star TIF:

Tom Higgins, director of Economic and Community Development for the City of Fort Worth, made the presentation. First, he presented background information on the Cabela's project, saying that Cabela's, which was established in 1961, has 7600 employees worldwide and is the largest mail order outfitter in the world. He explained that this was significant to the City of Fort Worth because Cabela's sends out approximately 100 million catalogs a year, which means that information on the Fort Worth Cabela's facility will go to 100 million people. In addition, Mr. Higgins said that Cabela's sells over 200,000 products, and that the Fort Worth Cabela's store will include a natural history and wildlife museum, an aquarium, and an education center that will be open to the public. Moreover, he added that the Cabela's store located west of Detroit is the number one tourist attraction in Michigan with 6 million visitors a year, and the Kansas City store is also Kansas' number one tourist destination with about 4.5 million visitors a year. The Pennsylvania store, Mr. Higgins explained, had about 7 million visitors in its first year, and it employs 600 people and has a \$12 million payroll. Thus, he said it was clear that a Cabela's store could have significant impact on a community.

Mr. Higgins then discussed a comparison between the Kansas City store, which is a recent development, and the store that is planned for Fort Worth. He said that staff had used the Kansas City store, which is also located near a speedway as is the planned Fort Worth store, as a model to make some of the projections, and he discussed some of the similarities and expectations of the development of the area. Because of the length of stay that is needed to visit a Cabela's store, he said, staff is anticipating that the hospitality industry will come quickly to the area, as occurred in Kansas City. He added that other retail outlets followed the Kansas City

Cabela's store, and it is expected that this will also occur in Fort Worth. He further explained that the Kansas City Cabela's is located in a 400-acre TIF, and that the investment in that TIF has been about \$430 million in the first 24 months, with about \$440 million in annual sales being produced. Since the situations are similar, he said, there is evidence to suggest that what Cabela's brings to an area can be substantiated.

Mr. Higgins then discussed the impact of the huge number of visitors who are expected to come to the Cabela's store, which is currently projected to occupy 230,000 square feet. He said it is expected that 6 million people per year will visit the Fort Worth Cabela's store, with 4.5 million of these coming from outside the Fort Worth area. He added that if the Cabela's store follows the projections made by Insight Research of Dallas, then it would clearly be the largest tourist attraction in Texas by a substantial number and would result in 337,000 room nights per year, worth \$23.5 million dollars, which makes Cabela's clearly more than just a retail development. Mr. Higgins also mentioned that staff sees a great partnership with existing facilities in the Metroplex, such as the recently opened Gaylord Hotel, which is already planning to run shuttle buses for its guests to the Cabela's site. He added that the Fort Worth Cabela's store is expected to open in May 2005 and to have about 500 employees, a payroll of about \$11.5 million and projected sales of about \$67 million. Moreover, he said that the first year advertising budget for this area would be about \$6.6 million.

Next, Mr. Higgins presented a map and reviewed the location of the Cabela's site, which is near the intersection of State Highway 170 and Interstate 35. He also indicated the boundaries of the TIF district and the location of Texas Motor Speedway and the Williams Center. The TIF, he said, would be 980 acres, with about 575 of those being developable, and the rest being flood plain. However, he said, the developer plans to develop the flood plain into an amenity for the site.

Issues related to the taxes and job opportunities in the TIF were Mr. Higgins' next topics of discussion. He said the total ad valorem taxes collected from the TIF district last year were \$39,000 and that currently, there are no jobs located within that area. He said that at the end of the 20-year projection, it is expected that the TIF district will have about 4,100 jobs and will generate total annual property taxes of about \$6.2 million, and cumulatively over the 20-year period the taxes paid to the City of Fort Worth (using the current tax rate of .865) are projected to be \$136 million Net Present Value (NPV). Regarding the structure of the proposed TIF financing, Mr. Higgins explained that some of the numbers had changed from the time of the original presentation to City Council, but that the City's co-financial advisor would explain those changes in a later presentation. Finally, he said that the proposed incentive package, which equals about \$40 million, contains four elements: (1) the TIF revenues, which would be the responsibility of the Board; (2) the percent of the City's sales tax generated by Cabela's; (3) a portion of the City's personal property tax on the Cabela's property; and (4) the value of the tax exempt facilities. He added that the City's co-financial advisor would explain in a later presentation how the dynamics of the four different categories would work.

Board Member Jay Chapa asked if the Williams facility was located in the TIF. Mr. Higgins said that it was the only existing value located in the TIF zone.

Discussion and Consideration of the Project Plan and the Financing Plan for Tax Increment Reinvestment Zone Number Ten, City of Fort Worth, Texas:

Mr. Higgins then introduced Laura Alexander with First Southwest, who is the co-financial advisor to the City. Ms. Alexander referred to the Project and Financing Plan included in the Board members' binder, and she said that she would explain the changes mentioned earlier and how these changes impact the TIF. She explained that the Lone Star Local Government Corporation (Lone Star LGC) is planning to issue bonds which will be secured by TIF revenues and which Cabela's is agreeing to buy.

Ms. Alexander then referred to a handout that had been distributed (copy attached) and indicated the sheet entitled Cabela's Project and Surrounding Development, which details how approved TIF projects will be funded. Ms. Alexander explained that Cabela's has agreed to buy the bonds with one times debt service coverage on the increment that is directly attributable to its facility. Therefore, she said, the City would receive the benefit of 100% of those dollars discounted back, which is worth about \$5.1 million (Column A). Regarding

additional development that is projected to occur in the TIF, Ms. Alexander said that Cabela's has agreed to take a 1.45 times debt service coverage, which is obtained by taking the projected revenue stream and discounting it by 69%. The adjusted TIF revenues are projected to be \$48.2 million (Column C), Ms. Alexander explained, and that is the amount that can actually be financed against. She added that the actual projected revenues are going to be higher than that amount, but because of the coverage factor, they have been discounted. The present value on the borrowing cost, she said, is \$26.3 million, so it is expected that \$26.3 million in bonds will be sold for infrastructure (Table 1), which can be seen in the Project Plan. She further explained that the TIF is only partially responsible for the full \$40 million incentive that Cabela's may receive under the Master Economic Development Agreement pertaining to that project.

Mr. Vaky explained that in June 2004, the City Council created the Lone Star LGC, which is a non-profit corporation that the City is authorized to create pursuant to State law, whose purpose is to assist the City in the carrying out of any of its governmental purposes. He added that the Lone Star LGC would be issuing the bonds, not the TIF.

Ms. Alexander next discussed the balance of the \$40 million incentive package outlined in the Master Economic Development Agreement, which consists of 70% of the personal property tax generated at the Cabela's facility, 70% of the City's 1% sales tax generated at the facility, and the tax exempt properties that were previously mentioned. Basically, Ms. Alexander explained, the City receives credit in the Master Economic Development Agreement for those properties not being on the tax rolls, and since their value is estimated at \$12 million, that has been structured into a credit towards the \$40 million total.

Ms. Alexander then discussed what had been changed from the first financing plan. She explained that the original bond amount was about \$21 million, but it had been discovered that more projects could be eligible for tax exempt financing, so the City reallocated some of its contributions under the Master Economic Development Agreement and increased its TIF participation percentages to 100% for the first 15 years and 90% for the last five years. To offset that, she added, the City reduced some of its participation under the Master Economic Development Agreement from the original sales tax and personal property tax reductions, and what is now shown on the schedule is the expected plan of finance. Ms. Alexander then indicated Page 4 of the handout and said that it shows that there should be projected increment sufficient to actually prepay the bonds and that it was not expected that it would take the full 20 years to cover the debt, but rather it would be paid in 16.1 years due to the coverage factor that has been calculated in, provided all the revenues come in as projected.

Ms. Alexander then indicated the last two pages of the handout, which show how the tax increment is being generated. She added that Tarrant County College and the Tarrant Regional Water District have not yet committed to participate at the indicated levels, but for the purpose of today's discussion, it would be assumed that they would do so. She then explained that Page 5 of the handout shows only the revenue that will be generated by the Lone Star retail facility (Cabela's), which will come in on the tax rolls at approximately \$29.3 million in value, and Page 6 shows other developments that are projected in the TIF and the revenue that will be generated from those developments, probably beginning in year three with about \$8.6 million in value. Ms. Alexander then recommended that the final Project and Financing Plan show this detail as support behind a consolidated schedule that shows the total projected value of the increment, as opposed to having it in two pieces.

Finally, Ms. Alexander referred to the Project Plan shown on Table 1 of the handout. She said that the Project Plan outlines the manner in which TIF funds are expected to be expended to the total of approximately \$26 million. She added that the actual Project Plan should also include an interest component for debt service, which will be added to the final Table 1. She also recommended that an additional \$5 million be added to the Project Plan for additional incentives for development that may come into the TIF area. She explained that Cabela's would like to have a fund, for which they would once again purchase the bonds subject to their coverage being available, to use to encourage additional development in the TIF. She added that the \$5 million would be added to this fund, but Cabela's would not buy the bonds if the coverage was not there. Therefore, she said, it would

not be risky to add this to the Project Plan today, and it would save having to amend the Project and Financing Plan at a future date.

Mr. Moncrief asked if Ms. Alexander was suggesting that adding the \$5 million to the Project Plan be adopted as an amendment. Ms. Alexander said that was correct.

Mr. Moncrief asked where this item would be added. Ms. Alexander suggested that it be added to Table 1, in the Draft Project and Financing plan, located behind Tab 3 in the binder. She explained that this table includes not just the \$26 million, but actually goes back to \$39 million, which includes everything that could possibly be financed. In addition, she said that an interest component of \$36 million, which also needs to be included, is shown on this table, and she suggested adding another line item for additional incentives. Mr. Moncrief asked Mr. Vaky for his suggestion as to what this line item should be called. Mr. Vaky suggested listing the line item as “Additional Public Projects” with the proviso that if the nature of those projects is different from what is specifically laid out in the Project and Financing Plan, then the Project Plan would need to be amended. He added that the additional projects could include additional site development or additional soft costs that are eligible for TIF financing. He indicated that the line item should be placed between “Soft Costs” and “Finance and Legal”, with the “Interest” line item being placed after “Finance and Legal”.

Mr. McCloud asked for clarification regarding the allowability on the “Special Features” line item listed on Table 1, which includes a statue, the aquarium, the museum and the mural. Mr. Vaky said that these are allowable, along with the furniture and fixtures that are listed, because those items will be located in the publicly owned tax-exempt portions of the Cabela’s facility.

Mr. Moncrief asked if this was an action item for the Board’s consideration. Mr. Vaky said that staff is requesting that the TIF Board adopt the Project and Financing Plan as it has been distributed, with the two additional line items for additional project costs and interest, and that the Plan be sent to the City Council for approval upon being adopted by the Board.

Mr. McCloud moved to adopt the Project and Financing Plan as amended. The motion was seconded by Mr. Chapa and carried unanimously.

Authorize Execution of Tri-Party Agreement between the Board, the City of Fort Worth, and the Lone Star Local Government Corporation Regarding Financing of Certain Project Costs of the TIF:

Assistant City Attorney Peter Vaky made the presentation. He referred to the draft Tri-Party Agreement (attached) that had been distributed and said that while additional work still needed to be done on the agreement, he wanted to supply the Board with the latest draft. He explained that a part of the agreement provides the TIF Board will, instead of directly receiving increment from the taxing units as traditionally occurs, authorize the deposit of the increment received by each taxing unit into a segregated fund that is maintained by the City. Pursuant to that agreement between the TIF Board and the LGC, the City would then pay that increment directly to the Lone Star LGC, he said, which would have the ability to pay the principal and interest on the bonds that are issued by the LGC. Mr. Vaky said that this agreement is essentially an administrative matter, since typically a TIF Board has direct access to increment that is deposited by the participating taxing units. Thus, he added, this would depart from the typical procedure and allow the increment to be deposited by the City directly to the Lone Star LGC so that the bonds can be retired.

Mr. Moncrief asked the Board if they understood the need for the Lone Star LGC. Dan Settle, co-bond counsel for the City of Fort Worth, explained that the purpose of the LGC is to avoid cumbersome laws that apply to cities, counties and other governmental units. He added it is best that the City not issue the bonds because it would be very cumbersome to structure that to avoid implications for the City in the event of a technical default. Instead, he said, it is better to have the LGC issue the bonds, which separates the City from any implications of default.

Since additional work needed to be done on the Tri-Party Agreement, Mr. Vaky requested that the Board consider authorizing the chairperson to execute the agreement when it is in final form with the stipulation that the staff will fax a copy of the finalized document to each Board member at least a week in advance to allow time for them to review it and to answer any of their questions before execution of the document occurs. He explained that this would be helpful because there are logistical problems with convening the Board, and staff did not want to delay the Cabela's project because a Board meeting could not be arranged in a timely fashion. Mr. Moncrief entertained a motion to authorize the chairperson to execute the document with the understood condition that Board members would have access to the document before it was finally executed.

Board Member Davis Palmer so moved. The motion was seconded by Board Member David Wells and carried.

Board Member J. D. Granger referred back to an earlier discussion and said that in the original documents that the Board had received, the City's participation in the first 5 years was 95%, dropping to 85% in year 5, and then to 75% in year 10, while the current documents indicate 100% participation for the first 15 years, dropping to 90 or 95% for the last 5 years. He asked about the increase in participation and why it occurred. Ms. Alexander explained that staff had identified some additional projects that could be funded through the TIF bonds; therefore, the City increased its TIF participation and decreased the rebate in sales tax and personal property percentages. She added that the 70% participation on the current schedule used to be 90-95%, and the coverage factor changed from 1.50 to 1.45 in the interest of fairness. Basically, she said, the new numbers just represent a trade off. She added that one other advantage to the change involves the discount rate the City is receiving. Because Cabela's is borrowing at 4.75% for the TIF bonds, and there is a 7% taxable discount rate that is being applied to the other components that the City is rebating pursuant to the Master Economic Development Agreement, it is advantageous for the City to do that as well, Ms. Alexander explained. She said that this does not impact any other entity's participation because the City is basically just shifting funds from one grant source to another grant source. Mr. Chapa clarified, saying that the TIF will be receiving the same benefits, but the revenue is just being moved from one revenue source to another, which will allow the City's general fund to receive funds more quickly.

Executive Session:

There was no Executive Session.

Citizen Presentations:

There were no Citizen Presentations.

Requests for Future Agenda Items:

There were no Requests for Future Agenda Items:

Adjourn: The meeting adjourned at 11:25 a.m. Mr. Moncrief thanked the Board for their attendance.